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Message Text

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ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 EB-08 COME-00 DOTE-00 SIL-01
LAB-04 TRSE-00 FTC-01 CIAE-00 DODE-00 INR-10
NSAE-00 PA-01 ICA-11 SP-02 L-03 /067 W
----------080750 111816Z /46
R 111202Z SEP 78
FM AMEMBASSY PARIS
TO SECSTATE WASHDC 7176
INFO AMEMBASSY BRUSSELS
USMISSION GENEVA
AMEMBASSY LONDON
AMEMBASSY MADRID

C O N F I D E N T I A L SECTION 01 OF 02 PARIS 29955

BRUSSELS FOR EEC

FOR LABOR ATTACHES

EO. 11652: GDS
TAGS: ELAB FR
SUBJ: PEUGEOT-CHRYLSER AGREEMENT: THE
TRADE UNION ASPECT

REF: PARIS 25268

1. SUMMARY: CAUGHT OFF-GUARD BY THE AGREEMENT FOR THE SALE OF CHRYSLER'S EUROPEAN OPERATIONS TO PEUGEOT-CITROE, FRANCE'S RAVL TRADE UNIONS ARE RESPONDING LOUDLY, WITH BOTH THE COMMUNIST CGT AND THE AUTO-NOMOUS CSL--CURRENTLY DOMINAT IN THE INDUSTRY--SHOWING SIGNS OF JUSTIFIABLE (FROM THEIR POINT OF VIEW) CONCERN FOR THEIR FUTURE. END SUMMARY.

2. THE ANNOUNCEMENT OF THE AGREEMENT BETWEEN CHRYSLER AND PEUGEOT-CITROEN FOR THE SALE OF THE BULK OF
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CHRYSLER'S EUROPEAN OPERATIONS TO THE FRENCH FIRM SURPRISED AND IRRITATED ALL OF THE FRENCH TRADE UNIONS. ORGANIZED LABOR, FEELING THAT SOMETHING HAD BEEN PULLED OFF BEHIND THEIR BACKS, WAS FURTHER AGGRAVATED BY THE FACT THAT THE ANNOUNCEMENT CAME IN THE MIDST OF THE VACATION PERIOD, WHICH HEIGHTENED THEIR APPEARANCE OF DISARRAY. THEIR IRRITATION LIES

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IN THE FACT THAT, THROUGH A LOOP-HOLE IN FRENCH LAW, A FIRM IS OBLIGED TO CONSULT WITH ITS UNIONS AND COMITES D'ENTREPRISE ON A WIDE VARIETY OF MAJOR AND MINOR ISSUES, BUT A HOLDING COMPANY, SUCH AS PEUGEOT-CITROEN, CAN BUY OR SELL AN ENTIRE MULTI-NATIONAL FIRM, SUCH AS SIMCA, WITHOUT ANY OBLIGATION TO CONSULT OR EVEN INFORM THE EMPLOYEES, THEIR UNIONS, AND THE STATUTORY REPRESENTATIVE BODIES. SEEN FROM THAT PERSPECTIVE, THE PEUGEOT-CHRYSLER DEAL MADE THE UNIONS (AND THE LEGISLATION ON CONSULTATION) LOOK IRRELEVANT, SOMETHING THEY CAN NEITHER FORGIVE, NOR ACCEPT. ACCORDINGLY, THERE HAS BEEN A STEADILY ESCALATING VOLUME OF UNION DEMANDS, FOR CONSULTATIONS AND JOB SECURITY GUARANTIES FOR THE AFFECTED WORKERS (PUNCTUATED BY AN INTERNATIONAL CONFERENCE); AND NOW, MOST RECENTLY FOR A CHANGE IN THE LAW.

3. WHILE THE UNIONS BELIEVE THAT ANY MERGER PROVIDES MANAGEMENT WITH AN EXCUSE TO TRIM THE PAYROLL, THEY ARE NOT REALLY CONCERNED THAT THERE WILL BE PERSONNEL CUTS IF THE SALE GOES THROUGH. BUT IT IS NOT JUST AGGRIEVED AMOUR PROPRE WHICH IS BEHIND THE NOISE. RATHER, THE SALE OF CHRYSLER'S OPERATIONS TO PEUGEOT, COINCIDING AS IT DOES WITH APPARENT CHANGES IN THE INDUSTRIAL RELATIONS POLICIES OF CONFIDENTIAL

BOTH PEUGEOT AND THE STATE-OWNED RENAULT AUTO FIRM, COULD ALTER, PERHAPS RADICALLY, THE BALANCE OF POWER AMONGST THE UNIONS IN FRANCE'S AUTO INDUSTRY; AND EVERYONE IS GETTING READY FOR THE FIGHT.

4. AT PRESENT, THE INDUSTRY IS DOMINATED BY TWO TRADE UNION FEDERATIONS. IN RENAULT IT IS THE COMMUNIST CGT, WHEREAS IN SIMCA, CITROEN, AND (BUT TO A FAR LESSER EXTENT) PEUGEOT IT IS THE INDEPENDENT AND CONTROVERSIAL CONFEDERATION OF INDEPENDENT UNIONS (CSL - THE FORMER FRENCH CONFEDERATION OF LABOR-CFT). IN A COUNTRY WHERE LABOR LAW REJECTS THE CONCEPT OF AN EXCLUSIVE BARGAINING AGENT AND GUARANTEES THE RIGHT OF THE FIVE NATIONALLY RECOGNIZED UNIONS TO OPERATE IN ANY LARGE CONCERN, THIS CURIOUS SITUATION IS NOT ACCIDENTAL. TO A LARGE EXTENT IT IS THE CONSEQUENCE OF THE LABOR RELATIONS POLICIES FOLLOWED BY THE FOUR FIRMS OVER AN EXTENDED PERIOD OF TIME.

5. RENAULT HAS TRADITIONALLY PURSUED A POLICY OF QUIET ACCOMMODATION WITH THE CGT. CITROEN, SIMCA,

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AND PEUGEOT, ON THE OTHER HAND, ALL SET OUT
INDEPENDENTLY, AT DIFFERENT TIMES, TO GET RID OF
THE CGT, AND REPLACE IT WITH WHAT STARTED OFF, AT

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TRSE-00 SIL-01 LAB-04 L-03 CIAE-00 DODE-00 INR-10
NSAE-00 PA-01 ICA-11 SP-02 /067 W
----------078343 111816Z /46
R 111202Z SEP 78
FM AMEMBASSY PARIS
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LEAST, AS A COMPANY UNION: THE CSL. WITHIN VARY-
ING LIMITS SET BY LAW AND CIRCUMSTANCE, PEUGEOT,
CITROEN AND SIMCA HAVE MORE OR LESS OPENLY AIDED AND
RENAULT HAS DONE NOTHING TO HARM THEIR PREFERRED
UNION, A CRUCIAL FACTOR IN AN INDUSTRY WHERE THE
SCALE OF THE PRODUCTION UNITS MAKES ORGANIZATIONAL
WORK EXPENSIVE, AND THEREBY GIVES AN ADVANTAGE TO
THE UNIONS THAT ESTABLISH THEMSELVES FIRST AND WIN
CONTROL OF THE FACILITIES OF THE COMITES D'ENTRE-
PRISE.

6. SEEN AGAINST THIS BACKGROUND, THE CGT'S REPEATED
DEMANDS FOR THE NATIONALIZATION OF THE ENTIRE AUTO
INDUSTRY, AND FOR THE LEGAL SUPPRESSION OF THE CSL
BECOME MORE UNDERSTANDABLE. AS FOR THE SALE ITSELF,
WHICH WOULD MAKE PEUGEOT THE COUNTRY'S NUMBER ONE
AUTO PRODUCER, THE CGT PUBLIC RESPONSE HAS BEEN
ANGRY TO THE POINT OF OCCASIONAL ABSURDITY. (IT
HAS INTER ALIA PORTRAYED THE DEAL AS A PEUGEOT

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SELLOUT TO AMERICAN INTERESTS BY VIRTUE OF THE CHRYSLER EXECUTIVE WHO WOULD SIT ON ITS BOARD).

7. THE INTENSITY OF THIS CGT RESPONSE TO ITS ENEMY'S SUCCESS, HAS BEEN SHARPENED BY A RECENT UNHERALDED SHIFT IN RENAULT POLICY, AND THE RESULTING UNCERTAINTY AS TO THE GOVERNMENT'S INTENTIONS TOWARDS THAT COMPANY. SINCE THE APPOINTMENT OF RENAULT'S NEW GENERAL DIRECTOR, THE "WORD" HAS BEEN OUT THAT RENAULT WAS NO LONGER GOING TO TILT TOWARDS THE CGT AND THAT IT IS INCREASINGLY AGGRAVATED BY ITS UNSETTLED (AND SO COSTLY) LABOR RELATIONS, AS CONTRASTED WITH THE RELATIVE PEACE PREVAILING IN THE LESS WELL PAID PRIVATE AUTO PLANTS. THIS NEW MOOD IN RENAULT IS LINKED IN MANY MINDS (NOT CONFINED TO THE CGT) WITH VARIOUS GOVERNMENT STATEMENTS SUGGESTING THAT IT WOULD LIKE TO SELECTIVELY DIVEST ITSELF OF SOME OF THE NATIONALIZED SECTOR OPERATIONS, TURNING THEM OVER TO PRIVATE COMPANIES. ALTHOUGH TELECOMMUNICATIONS IS THE INDUSTRY MOST TALKED ABOUT IN THIS CONNECTION (SEE FOR EXAMPLE PARIS 22288), RENAULT'S OWN FUTURE HAS BEEN THE SUBJECT OF INTERNAL SPECULATION, AND WE HAVE BEEN TOLD, BY AN OFFICIAL WHO WAS PRESENT, THAT IT WAS EVEN DISCUSSED RECE TLY WITH THE CHIEF EXECUTIVE. HIS RESPONSE REPORTEDLY WAS AN ASSURANCE THAT THE GOVERNMENT HAD NO INTENTION OF CHANGING (AT LEAST) RENAULT'S STATUS, BUT THAT IT WOULD HAVE NO HESITATION ABOUT USING THE THREAT TO DO SO AS A PSYCHOLOGICAL CLUB IN ITS EFFORTS TO REORGANIZE AND RATIONALIZE CERTAIN OPERATIONS.

8. AT FIRST BLUSH, IT WOULD SEEM THAT THE CGT'S DISCOMFORT SHOULD BE BALANCED BY ELATION WITHIN THE

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CSL. HOWEVER, THE CSL'S REACTION HAS BEEN EVERY BIT AS ANGRY AS THAT OF THE CGT'S, AND FOR MUCH THE SAME REASON. ALTHOUGH OVERWHELMINGLY DOMINANT IN BOTH CITROEN AND SIMCA, THE CSL HAS NOT BEEN ABLE, EVEN WITH THE COMPANY'S BLESSING, TO ACHIEVE THE SAME DEGREE OF SUCCESS IN PEUGEOT. NOW, IT APPEARS, THE COMPANY HAS DECIDED TO SHIFT AWAY FROM OPENLY BACKING THE CSL TO A POSTURE OF NOT BLOCKING ANY UNION THAT LOOKS LIKE IT COULD BEAT THE

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CGT. AS AN APPARENT CONSEQUENCE OF THIS
SHIFT, FORCE OUVRIERE (FO) AND THE WHITE COLLAR
CADRE UNION (CGC) HAVE SCORED IMPRESSIVE VICTORIES
IN THE COMPANY'S MULHOUSE AND DIJON PLANTS' ELECTIONS.
THUS, THE CSL, STUCK WITH THE IMAGE OF A COMPANY
UNION AND STILL SMARTING FROM THE UNSAVORY RHEIMS
AFFAIR (SEE PARIS 17094 OF JUNE 9, 1977 AND PREVIOUS)
SEES ITS ROLE AS PEUGEOT'S CHOSEN INSTRUMENT COMING
TO AN END AT THE PRECISE MOMENT THAT THE FIRM IS ON
THE WAY TO BECOME FRANCE'S LARGEST AUTO MANUFACTURER.
SHOULD PEUGEOT'S NEW POLICY BE EXTENDED TO
CITROEN AND SIMCA, THE CSL'S POSITION COULD QUICKLY
DISINTEGRATE.

9. UNDER THESE CIRCUMSTANCES, THE GROWING
UNIONS SUCH AS FO, CFTC AND CGC (THE CFDT HAS
PROBLEMS) ARE, PRIVATELY, FAR FROM UNHAPPY WITH THE
SALE AGREEMENT; AND SOME EVEN CONFESS TO A CERTAIN
AMOUNT OF SATISFACTION AT THIS VISIBLE EVIDENCE OF
FRENCH INDUSTRIAL MIGHT. THEIR REAL INTEREST,
HOWEVER, IS IN WHAT COULD BE THE BEGINNING OF A MAJOR
REDISTRIBUTION OF POWER AMONGST FRANCE'S COMPETING
AUTO UNIONS. HARTMAN

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AGREEMENTS, TRADE, AUTOMOTIVE INDUSTRY, FOREIGN INVESTMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 11 sep 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978PARIS29955
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780369-1266
Format: TEL
From: PARIS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780981/aaaacpjb.tel
Line Count: 246
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 209be852-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 78 PARIS 25268
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 19 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1485264
Secure: OPEN
Status: NATIVE
Subject: PEUGEOT-CHRYLSER AGREEMENT: THE TRADE UNION ASPECT
TAGS: ELAB, FR, PEUGEOT, CHRYLSER
To: STATE
Type: TE
vdkvgwkey: odbc://SAS/SAS.dbo.SAS_Docs/209be852-c288-dd11-92da-001cc4696bcc
Review Markings:
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Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014